

**Castro Valley MAC
Daughtrey's
Preferred Developer
Selection**

Continued from June 1, 2017 MAC Meeting



Monday July 17, 2017

Where are we in the process?

February 22 – MAC approved Request for Interest / Development Concept

March 1 – RFI issued

March 24 – RFI responses due

April – Staff and Consultant evaluation of proposals

May 10 and 12 – Interviews with Selection Committee (3 members of the MAC, ECD, Planning and Surplus Property)

June 1 – Top three ranked proposal presentation at Special MAC meeting to select preferred developer – continued to July 17th

June 1 – July 16 – follow-up and technical review

July 17 – MAC meeting to select preferred developer

Tonight

- ECD Presentation
- Community Input/MAC Deliberates
- MAC Recommendation for “Preferred Developer”

Daughtrey's Building Facts

- ~40,000 square feet in building: 15,000 basement, 15,000 ground floor, 9,000 mezzanine
- 25,000 square feet of net leasable space is available for use due to Shared Parking
- Water flowing beneath building enters under the freight elevator and is continuously pumped and is contaminated by outside source (dry cleaner)
- Water treatment system within the building needs to be maintained - RWQCB Permit
- CEQA already approved for retail/commercial use only

Shared Parking Facts

- Shared Parking supported by Specific Plan
- Consultant retained to determine parking ratio for a retail shared parking project (3.3 spaces per 1,000 square feet of building space)
- Shared Parking Agreement took 4 years to negotiate
- Shared Parking program and ratio approved by MAC and Planning Department - included 25,000 square feet of retail in Daughtrey's Building
- \$4.8 Million Shared Parking improvements underway – 165 shared parking spaces, two paseos, two garbage enclosures, entrances/exits on CV Blvd and Wilbeam, meets C3 requirement
- Shared Parking Agreement executed by Alameda County (Daughtrey's and Wilbeam parcel) and 3 adjacent property owners (Chau, Fong and Schweng)
- Shared Parking Agreement prohibits overnight parking or removal of any parking spaces. Any changes to agreement require approval of ALL parties

RFI Goals for Catalyst Site

- Offer **new, unique & high-quality restaurant(s), food-related and retail**
- **Catalyst project – attract new customers, shoppers and diners to downtown Castro Valley**
- Uses the new **paseo with outdoor dining**
- Deliver a **transformative design and outstanding architecture**
- **Highly qualified development team with the experience and financial capability** to deliver an outstanding project
- Experience with **public/private partnerships** and extensive public engagement

Selection Committee Scores

Based upon its May 10th & 12th interviews, the Selection Committee ranked:

1. Main Street Properties first – **97%** score
2. Bay Area Urban second – **82%** score
3. Alikian/Samson Properties third – **68%** score

Evaluation Criteria with Scores

3295 Castro Valley Boulevard RFI Responses

Evaluation Criteria

Criteria	Evaluation Basis	Maximum Points	Main Street	BAU	Alikian
Development Concept	How well does the proposal conform to the concept desired by the community, e.g. upscale, high-quality restaurant, food-related and retail uses offering new, unique choices	25	100%	80%	74%
Project Goals	How well does the proposal meet the expectations articulated in the RFI? E.g. catalyst project attracting new customers, shoppers and diners to downtown Castro Valley, as well as generate new sales and property tax revenues	20	99%	91%	86%
Proposer's Public/Private Process Experience	How much experience does the proposer have with other public/private projects, esp. working with local community	20	96%	96%	51%
Proposer's Development Experience	How strong is the proposer's development experience developing projects similar to their proposal for this project.	20	100%	95%	64%
Project's Architecture/Design	How well does the proposed project deliver a transformative design and outstanding architecture, and incorporate the new paseo with opportunities for outdoor dining and active uses.	10	71%	99%	97%
Development Schedule	Is the proposed development schedule reasonable and does it reflect sufficient time for the required approvals.	5	97%	86%	100%
Proposer's Financial Capacity	How strong is the developer's financial capacity to undertake and complete the proposed development <i>ALH Urban & Regional Economics will provide these scores based upon review of confidential data.</i>	20	100%	38%	50%
Total		120	97%	82%	68%

Summary of Main Street Proposal Ranked #1



Summary of Main Street Proposal

Ranked #1

#1 - Main Street Properties

- Retail-only project: 24,000 sq. feet “department store of food”.
- 1st floor features a natural food store (8,000 sq ft) and other food related uses including a restaurant using the paseo for outdoor dining.
- Basement will include Castro Valley Speakeasy Restaurant (6,000 sq ft) with the remainder used as storage for the 1st floor tenants.
- 2nd floor could include a cooking school, yoga/pilates studio, salon/spa and cookware shop.
- Parking - Meets current Shared Parking Agreement
- Planning - CEQA complete
- Project Experience – 36 projects
- Retail Commitment – Alameda Natural Grocer and Blind Tiger (owner/operators)
- Financial Capacity – Scored 100%

Summary of BAU Proposal

Ranked #2



Summary of BAU Proposal

Ranked #2

#2 – Bay Area Urban

- Mixed-use project with 8,750 sq feet of retail on ground floor and 9 market-rate residential units on 2nd floor
- Retail tenants include The Mexican Restaurant, CV Taphouse, and Journey Coffee – all enjoying access to 2,500 sq foot interior courtyard
- Basement proposed use is for storage (rental and tenants)
- Parking – residential tenants will park in the Shared Parking Lot and will require amending the Shared Parking Agreement
- Planning – requires new CEQA review due to inclusion of housing and requires a Specific Plan Amendment for non-tenant storage adding time to approval process
- Project Experience – 4 projects
- Retail Commitments – The Mexican, Journey Coffee, CV Taphouse (leasees)
- Financial Capacity – Scored 38%

Summary of
Alikian/Samson
Proposal

Ranked #3



Summary of Alikian/Samson Proposal

Ranked #3

#3 – Alikian/Samson Properties

- Mixed-use project with 11 to 12,000 sq feet of ground-floor retail, including an unnamed restaurant and wine bar, 3 unnamed retail tenants, and Henry's Coffee.
- Second floor features 12 to 14 market-rate residential rental units and 8 units on the third floor
- Restaurant and wine bar share direct access to paseo
- Parking – residential units park in basement which eliminates several spaces to access the basement from parking lot, triggering amendment to Shared Parking Agreement; unclear on what type of basement parking method is being proposed (drive down ramp or electric auto-park system) or how many parking spaces will result
- Planning – requires new CEQA review due to inclusion of housing and requires a Specific Plan Amendment for non-tenant storage adding time to the approval process
- Project Experience – 0 projects
- Retail Commitments – Henry's Coffee (lease)
- Financial Capacity – Scored 50%

Developer Qualifications & Readiness

Selection Committee considered developer's ability to deliver a "contingent-free" project:

- ✓ Significant and related **experience**
- ✓ Has **secured tenants** for significant amount of space in building
- ✓ Has **funding** in place or commitments to complete the project
- ✓ Consistent with zoning and CEQA
- ✓ Parks project under current Shared Parking Agreement

Follow-Up: Financial Feasibility Score

Think about buying a house – down payment, pre-qualified by lender, good credit score

- Main Street 100%
 - Pre-commitment letter from bank, personal financial statements with schedule of assets for all four proposed partners; shows ability to finance project construction through both debt and equity AND to tap liquid assets
- BAU 38%
 - Submitted company balance sheets – not sufficient information to assess ability to provide equity or secure debt
- Alikian 50%
 - Schedule of real estate assets and personal financial statements; real estate assets are not liquid and must borrow against or sell for project

Follow-Up: Agreement to Amend Shared Parking Agreement from Shared Parking Participants?

- Main Street
 - No amendment to Shared Parking Agreement required
- BAU
 - No written approval from Shared Parking Agreement members provided to staff
- Alikian
 - No written approval from Shared Parking Agreement members provided to staff

Follow-Up: Structural Conditions /Challenges

Level of Structural Modifications Required

- County secured Structural and Civil Engineer evaluation of building
- Assessment is based on requirements for seismic upgrades, foundation and other considerations for second and third floor residential, basement use and water treatment:

Main Street	Moderate	Openings in exterior wall along Paseo
BAU	Significant	Seismic, foundation, courtyard structural upgrades, kitchen hood ventilation through residential level
Samson/Alikian	Significant	Additional Seismic for 3 rd floor, additional foundation support for 3 rd floor residential, kitchen hood ventilation through residential levels, possible Fire Department access issues for 3 rd floor residential, basement parking ramp and queuing

Next Steps in the RFI Process for Community Input

- Board of Supervisors considers approval of ERNA with preferred developer
- ECD returns to MAC with a draft Disposition & Development Agreement (DDA), followed by presentation to Unincorporated Services Committee
- Board of Supervisors considers approval of the DDA
- MAC's Site Development Review process

Conclusion

Based on Selection Committee scoring, technical review and follow-up with development teams since June 1st MAC meeting staff recommends:

#1 Main Street Properties

- Most Experienced
- Met Key RFI goals
- Strongest Financially
- Most feasible/ready-to-go

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